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ABSTRACT

1974 is a watershed for New Jersey public schools, a time when the State is under court order to reform its discriminatory and ineffective method of raising and distributing educational revenues. The existing approach to financing education in the state of New Jersey assigns higher educational resources to pupils in richer school districts, yet taxes the poorer districts at higher rates. Its basic flaw is the low proportion of equalizing state funds relative to the proportion of local revenues. Thus the state fails to overcome the disparities in local ability to support schools. Two alternative directions for reform seem to emerge. The first assumes that the Court opinion was essentially directed at requiring the state to meet the educational needs of its pupils. This view implies that policy-makers should concentrate their efforts on establishing the costs of a "thorough and efficient" education. The second direction is grounded in an attempt to reform the existing state aid structure to meet the Court's objections. By markedly increasing the proportion of state equalizing aid, the plan is intended to eliminate discrimination against low wealth school districts and thus guarantee the ability of all districts in the state to provide an adequate educational program. (Author/JM)

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A report to the New Jersey Education Reform Project

PAYING FOR NEW JERSEY'S SCHOOLS

PROBLEMS AND PROPOSALS

by

JOEL S. BERKE

and

JUDY G. SINKIN

with the advice and assistance of

Anthony Carnevale and Debra Diener

February, 1974

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PREFACE

This brief report is designed to illustrate the basic issues involved in revising the system of raising and distributing resources for the schools of New Jersey. It is intended as a contribution to public understanding of the problems to be resolved and the general directions of reform that policymakers and interested citizens must consider as they implement the goal of equal educational opportunity required by the historic New Jersey Supreme Court decision, Robinson v. Cahill.

This study was conducted in December 1973 and January 1974 at the request of the New Jersey Educational Reform Project, and we wish to acknowledge the financial support and advice given us by Richard Roper, Director of the project, and Robert O. Bothwell, Director of the School Finance Reform Project of the National Urban Coalition. The conduct of the study and the conclusions expressed in this report are, however, entirely those of the authors.

We also wish to thank the informants who helped to educate us about school funding in New Jersey. They represent various shades of opinion both about the problems facing New Jersey and the solutions that may be proposed, and they are in no way responsible for the content of this report. However, their names are listed in our appendix, as are our reference sources, for the information of readers.

We wish to acknowledge the invaluable advice and assistance of Debra Diener of the Syracuse University Research Corporation and Anthony Carnevale of the U.S. Department of Health, Education and Welfare who helped us to locate data, interview New Jersey school people, and to understand New Jersey school finance policy. Lastly, we want to thank Patricia Herrewig and Gloria Roseman for intelligent manuscript preparation under a tight deadline.

Joel S. Berke
Judy G. Sinkin
Washington, D.C.
February, 1974

A YEAR OF DECISION

1974 is a watershed for New Jersey public schools, a time when the state is under court order to reform its discriminatory and ineffective method of raising and distributing educational revenues. A new system must be designed to satisfy the landmark New Jersey Supreme Court decision, Robinson v. Cahill, which requires that the state guarantee the "educational opportunity needed in the contemporary setting to equip every youngster for his role as a citizen and as a competitor in the labor market." (303 A. 2d 295. 1973)

The task set by the Court is clearly not an easy one. Designing and implementing new mechanisms for the distribution of educational resources to achieve equal opportunity is a challenging responsibility, and the development of new tax systems to underwrite the costs is both complicated and politically unpopular. Both activities require the technical expertise of scholars and research staff, the intensive involvement of citizens and interest groups, and the political understanding and courage of public officials of all branches and all levels of government if effective legislation is to be written and adopted. As the various interested parties go about this hard job of reform, it may be helpful for them to realize that they are doing so not simply because a court said they must, but rather because the current approach to school finance in New Jersey is unfair, thoroughly inefficient, and spectacularly arbitrary.

NEW JERSEY SCHOOL SUPPORT: UNFAIR, INEFFICIENT, AND ARBITRARY

To demonstrate what we mean by unfairness, inefficiency, and arbitrariness in a school finance system, let us take an illustrative example.

Suppose that a state assigned less educational resources to some children than to others, gave the higher resources to pupils in richer school districts, yet taxed the poorer districts at higher rates. That would be unfair.

Let us further assume that the state assigned more educational resources to the pupils most likely to succeed on their own, and lower levels of educational services to those pupils whose need for high quality education was the greatest -- the poor, the victims of prejudice, and those whose home backgrounds are frequently less oriented toward school achievement. That allocation system would be inefficient if the state's goal was to prepare as many youngsters as possible to become productive and effective citizens.

In short, since in our example the system for allocating education is related neither to the willingness to tax oneself for schools nor to the need for educational resources, it may appropriately be termed arbitrary. Yet this unfair, inefficient, and arbitrary system is not just a hypothetical example. It is an accurate description of the existing approach to financing education in the state of New Jersey. Let us be specific.

In Table I we have selected a small number of school districts to demonstrate the workings of the entire New Jersey school finance system. The sample is intended to include large central city

districts, a selection of other cities, poor suburbs, rural districts, and, for contrast, a group of the most wealthy suburban school systems. The sample is not intended to be statistically representative, but we believe there is enough variety within it to illustrate accurately the major issues currently confronting New Jersey educational policymakers.

Disparities in Spending Levels and Tax Resources

Table I, for example, shows a significant variation in expenditure levels among districts, from approximately $1650 per pupil in Englewood Cliffs to just under $800 per pupil in Camden to $717 in Audubon Park. The table also makes another point which is typical of New Jersey school finance: the rich districts spend more per pupil than the poor districts, and the higher expenditure levels are achieved with consistently lower tax effort.

To demonstrate the extremes of unfairness among our sample districts, let us suppose that property-poor Camden, with a high tax rate of $2.40 per hundred dollars of equalized property value, were to tax itself at the low rate of Englewood Cliffs, only $1.13 per hundred. Camden would raise only $195 per pupil in local revenue. On the other hand, if Camden had Englewood Cliffs' high property value to tax at the Camden rate, it would have been able to raise $3896 per pupil in local revenue. While these examples are the extremes in our table, they are far from the extremes in the state as a whole. For fifteen New Jersey districts had a 1971-72 valuation greater than $200,000 per pupil (considerably higher

than Englewood Cliffs), while twenty-four districts had less than $20,000 per pupil (many of them lower than Camden and several even poorer than Audubon Park).

* * * * *

Property valuations in this table and those that follow are equalized valuations. An equalized valuation is an attempt to arrive at a valuation for each district which is comparable across districts. Tax efforts are also equalized and are presented as equalized tax rates. Equalized tax rates are computed by dividing the district school tax levy by the equalized valuation of taxable property. The rates are expressed as a percentage of the equalized property valuation. Thus the tax rate in Englewood Cliffs is 1.13% which is equivalent to $1.13 per hundred, $11.30 per thousand, or 11.3 mills per dollar of equalized property value.

* * * * *

TABLE I

VALUATION OF PROPERTY, PER PUPIL EXPENDITURES AND SCHOOL TAX RATES

District Name and Enrollment[a]	Valuation Per Pupil 71-72[b]	Expenditures Per Pupil 71-72[c]	School Tax Rate 72
Englewood Cliffs 1219	$ 162,337	$ 1647	1.13
Bedminster 453	142,602	1360	1.01
Secaucus 1832	134,753	1312	1.10[d]
Millburn 4154	105,659	1436	1.45
Princeton Reg. 3675	93,522	1518	1.64
Union Twp 8391	92,401	1079	1.28
Sandyston-Walpack 331	87,717	1293	1.49
Mahwah 2673	87,313	1456	1.79
Springfield 1647	82,031	1497	1.99
Tenafly 3188	81,948	1406	2.13
Tewksbury 617	75,933	1036	2.07
Elizabeth 15651	48,515	1006	2.09
State Median	47,250	999	2.20
Atlantic City 7849	43,762	806	1.44
Perth Amboy 6547	43,671	949	1.67
Haddon Heights 1640	40,381	856	2.34
Hamilton 14877	39,202	831	2.25

Continued.....

TABLE I (Continued)

District Name and Enrollment[a]	Valuation Per Pupil 71-72[b]	Expenditures Per Pupil 71-72[c]	School Tax Rate 72
Plainfield 9535	$ 35,031	$ 1050	3.09
East Orange 11842	34,054	1100	2.83
Jersey City 39229	28,358	907	2.67
Stanhope 799	28,027	957	3.20
Paterson 27440	26,206	844	2.16
Trenton 17540	23,328	1016	2.62
Hoboken 8405	20,074	906	2.49
Willingboro 14603	19,763	860	2.69
Newark 77751	19,680	1060	3.59
Hampton 262	18,271	890	3.60
Camden 20817	17,220	799	2.40
Audubon Park 313	4,684	717	3.63

[a] The number of resident pupils who were enrolled on September 29, 1972 in a public school of the district or of a school district to which the resident district paid tuition.

[b] Equalized valuation of property in 1972 divided by average daily enrollment for 1971-72. Equalized valuation is the sum of the following: (1) aggregate true value of Real Estate (exclusive of Class II Railroad Property), (2) assessed value of Class II Railroad Property and (3) assessed value of all personal property.

[c] Total day school expenditures divided by total average daily enrollment. Does not include expenditures for debt services, budgeted capital outlay or improvement authorizations.

[d] 1973

Source: NJEA, Basic Statistical Data of New Jersey School Districts, 1973 Edition (Trenton, New Jersey: 1973), pp 21-33.

Cities, Suburbs, and Rural Areas

In Table II, we have rearranged the sample of districts according to their type, and some additional facts emerge. First of all, five of the six large central cities are substantially below the median in taxable resources, $47,250 per pupil, and above it, $2.20 per hundred dollars of taxable property, in tax effort. Second, it is not only the large central cities which suffer from the system. Frequently suburban and rural districts, some highly urbanized and some low-density residential, also have high effort but relatively low expenditures. For example, Hoboken, in the same county as Jersey City, has a $2.49 tax rate to raise $906 per pupil, Willingboro has a $2.69 tax rate to raise $860 per pupil, and rural Hampton has to levy $3.60 to spend $890 per pupil.

TABLE II

VALUATION OF PROPERTY, PER PUPIL EXPENDITURES AND SCHOOL TAX RATES BY TYPE OF DISTRICT

District	Valuation Per Pupil 71-72[a]	Expenditures Per Pupil 71-72[b]	School Tax Rate 72
Central Cities			
Camden	$ 17,220	$ 799	2.40
Elizabeth	48,515	1006	2.09
Jersey City	28,358	907	2.67
Newark	19,680	1060	3.59
Paterson	26,206	844	2.16
Trenton	23,328	1016	2.62
Other Cities			
Atlantic City	43,762	806	1.44
East Orange	34,054	1100	2.83
Hoboken	20,074	906	2.49
Perth Amboy	43,671	949	1.67
Plainfield	35,031	1050	3.09
Wealthy Suburbs			
Bedminster	142,602	1360	1.01
Englewood Cliffs	162,337	1647	1.13
Mahwah	87,313	1456	1.79
Millburn	105,659	1436	1.45
Princeton Reg.	93,522	1518	1.64
Secaucus	134,753	1312	1.10[c]
Springfield	82,031	1497	1.99
Tenafly	81,948	1406	2.13
Union Twp	92,401	1079	1.28
State Median	47,250	999	2.20

Continued.....

TABLE II (Continued)

District	Valuation Per Pupil 71-72[a/]	Expenditures Per Pupil 71-72[b/]	School Tax Rate 72
Poor Suburbs			
Audubon Park	$ 4,684	$ 717	5.63
Haddon Heights	40,381	856	2.34
Hamilton	39,202	831	2.25
Willingboro	19,763	860	2.69
Rural			
Hampton	18,271	890	3.60
Sandyston-Walpack	87,717	1293	1.49
Stanhope	28,027	957	3.20
Tewksbury	75,933	1036	2.07
State Median	47,250	999	2.20

a/ Equalized valuation of property in 1972 divided by average daily enrollment for 1971-72. Equalized valuation is the sum of the following: (1) aggregate true value of Real Estate (exclusive of Class II Railroad Property) (2) assessed value of Class II Railroad Property and (3) assessed value of all personal property.

b/ Total day school expenditures divided by total average daily enrollment. Does not include expenditures for debt services, budgeted capital outlay, or improvement authorizations.

c/ 1973

Source: NJEA, Basic Statistical Data of New Jersey School Districts, 1973 Edition (Trenton, New Jersey: 1973) pp 21-33.

The problems of the large central cities are, however, compounded by another factor: their higher requirements for general municipal services, often referred to as municipal overburden. New Jersey central cities must provide more intensive and expensive public health, police, welfare, and fire services than must their less densely settled neighbors. As a result, the typically lower central city tax bases must be drawn upon for the support of a much higher level of combined services. The result is twofold: raising revenues for education is more difficult in cities, and combined tax rates (for education and for general municipal services) are far higher there than in less urbanized areas. Table III demonstrates the problem.

TABLE III

TAX RATES

District	Total Tax Rate 1972	School Tax Rate 1972
Central Cities		
Camden	5.98	2.40
Elizabeth	4.08	2.09
Jersey City	6.66	2.67
Newark	6.60	3.59
Paterson	5.06	2.16
Trenton	6.30	2.62
Wealthy Suburbs		
Bedminster	1.81	1.01
Englewood Cliffs	1.85	1.13
Mahwah	2.70	1.79
Millburn	3.44	1.45
Secaucus	2.61	1.10[a/]
Springfield	3.24	1.99
Tenafly	3.39	2.13
Union Twp	2.42	1.28

a/ 1973

Source: NJEA, Basic Statistical Data of New Jersey School Districts, 1973 Edition, (Trenton, New Jersey: 1973), pp 21-33.

School Funding, Poverty, and Racial Discrimination

So much for what we termed the unfairness of the system. What of its inefficiency? Table IV shows that the communities with the highest proportions of pupils from poor families and minority groups generally have lower expenditures and taxable resources than communities with lower proportions of the poor and minority pupils. Thus if education in New Jersey is intended to meet the constitutional mandate cited at the outset of this paper, namely that the state guarantee "that educational opportunity needed . . . to equip every youngster for his role as a citizen and as a competitor in the labor market," it would seem that the pattern should, if anything, be reversed. More resources should be focused in districts with more youngsters who suffer from the greatest obstacles to learning. Instead, educational expenditures are inefficiently assigned in a way which makes the rich richer and the poor poorer.

Table IV also shows that similar patterns hold in regard to taxable property values, suggesting that communities which have higher proportions of poor people and members of minority groups will have to tax themselves at higher rates to raise revenues equal to those of other districts. Thus, not only does New Jersey provide lower expenditure levels to people who need educational services the most if they are to break the cycle of poverty and discrimination, but in addition it requires that the parents of such pupils pay more in educational taxes for any given amount of school services.

TABLE IV

PERCENTAGE OF MINORITY PUPILS, AND PERCENTAGE OF PERSONS BELOW THE POVERTY LEVEL

District	Valuation Per Pupil 71-72[a]	% of Minority Pupils 1970[b]	% of Persons Below Poverty Level[c]	Expenditures Per Pupil 71-72[d]
Central Cities				
Camden	$ 17,220	73.3%	20.8%	$ 799.
Elizabeth	48,515	51.4	11.6	1006.
Jersey City	28,358	61.0	13.7	907.
Newark	19,680	85.1	22.5	1060.
Paterson	26,206	68.8	16.6	844.
Trenton	23,328	75.2	17.0	1016.
Other Cities				
Atlantic City	43,762	69.5	22.5	806.
East Orange	34,054	86.7	11.3	1100.
Hoboken	20,074	60.1	21.3	906.
Perth Amboy	43,671	54.1	[illegible].4	949.
Plainfield	35,031	72.5	10.1	1050.
Wealthy Suburbs				
Bedminster	142,602	2.2	Not Available (NA)	1360.
Englewood Cliffs	162,337	1.9	3.4	1647.
Mahwah	87,313	2.0	NA	1456.
Millburn	105,659	1.2	NA	1436.
Princeton Reg.	93,522	9.6	NA	1518.
Secaucus	134,753	.7	5.2	1312.
Springfield	82,031	4.5	NA	1497.
Tenafly	81,948	1.2	2.8	1406.
Union Twp	92,401	12.4	NA	1079.

a/ Equalized valuation of property in 1972 divided by average daily enrollment for 1971-72. Equalized valuation is the sum of the following: (1) aggregate true value of Real Estate (exclusive of Class II Railroad Property), (2) assessed value of Class II Railroad Property and (3) assessed value of all personal property.

b/ U.S. Department of Health, Education and Welfare, Office of Civil Rights, Directory of Public Elementary and Secondary Schools in Selected Districts 1970, pp 854-910.

c/ U.S. Department of Commerce, Bureau of the Census, United States Census of Population, 1970. General Social and Economic Characteristics: New Jersey.

d/ Total day school expenditures divided by total average daily enrollment. Does not include expenditures for debt services, budgeted capital outlay, or improvement authorizations.

School Expenditures and School Quality

To this point we have consistently employed the level of expenditures as an indication of school quality. We do this not because we think dollars alone will determine how good an education a school can deliver, but because they are probably as good an indicator as can be found. For dollars buy services and facilities, and more dollars in general can buy more quantity and better quality in both.

One piece of evidence supporting that claim may be found in the following table. Here we employ one widely accepted measure of educational quality, the number of professional staff available. While there is no clear agreement that small variations in class size positively affect the achievement levels of pupils, this table shows average differentials of more than 25% in the ratio of pupils to professional staff, a gap that is far from marginal. It is our judgment that differences of this order indicate a substantial contrast in the quality of education that schools can offer. Consistently, it is the highest spending schools which have significantly higher proportions of professionals to pupils.

TABLE V

EXPENDITURES PER PUPIL AND PROFESSIONAL STAFF PER 1000 WEIGHTED PUPILS

District	Expenditure Per Pupil 71-72[a/]	Professional Staff Per 1000 Weighted Pupils 71-72
Central Cities		
Camden	$799	46.9
Elizabeth	1006	54.1
Jersey City	907	48.9
Newark	1060	57.8
Paterson	844	46.6
Trenton	1016	52.8
Other Cities		
Atlantic City	806	44.0
East Orange	1100	61.0
Hoboken	906	46.0
Perth Amboy	949	53.1
Plainfield	1050	54.0
Wealthy Suburbs		
Bedminster	1360	72.0
Englewood Cliffs	1647	74.6
Mahwah	1456	67.6
Millburn	1436	62.6
Princeton Reg.	1518	74.5
Secaucus	1312	63.1
Springfield	1497	79.3
Tenafly	1406	63.0
Union Twp	1079	54.6

[a/] Total day school expenditures divided by total average daily enrollment. Does not include expenditures for debt services, budgeted capital outlay, or improvement authorizations.

Source: NJEA, Basic Statistical Data of New Jersey School Districts, 1973 Edition (Trenton, New Jersey: 1973) pp 21-33.

THE CAUSES OF INEQUITY

Why is the New Jersey system of raising and distributing educational revenues so inequitable and arbitrary? What are the reasons behind the patterns of allocation we have discussed?

Passing the Buck to Local School Districts

Despite the constitutional provision that "the legislature shall provide a system of free public schools," the legislature has for generations assigned that responsibility primarily to hundreds of individual school districts throughout the state. More important, the state has required that the overwhelming share of educational support be raised from the real property rolls of each school district. Since the property values per pupil in each district differ markedly, this revenue system insures spectacular variations from district to district in the ability to support public schools.

Inadequate Equalization

In order to offset those disparities in local ability to fund education, the legislature passed a new Education Law in 1970 known as the Bateman Act which was further amended in 1973. The Bateman Act has two distributions, Minimum Support Aid and Incentive Equalization Aid. State aid is calculated on the basis of weighted resident pupils and weightings are intended to represent the differential costs associated with different educational programs.

Under the Bateman Act as amended in 1973, all districts will receive minimum support aid of $132 per weighted pupil, increasing the

1970 amount of $110 per weighted pupil. This aid is distributed on a per pupil basis to every district in the state.

The basic thrust of the Incentive Equalization portion of the law is to provide equalizing aid in inverse proportion to the size of the local tax base. Under the amended law, the state assures each district a property valuation of $38,000 per weighted pupil or approximately $45,000 per non weighted pupil. (The guarantee under the 1970 law was $30,000 per weighted pupil). Each district with a valuation below $38,000 per weighted pupil is eligible for Incentive Equalization Aid. Districts wealthier than $38,000 receive no aid under this portion of the Bateman Act. Each district eligible for Incentive Aid is allowed to raise its desired budget at a tax rate which, if applied to a valuation of $38,000 per weighted pupil, would raise the needed revenues. The state furnishes the amount of money which represents the difference between the yield of the district's tax rate applied to its actual valuation and the yield of that rate applied to a valuation of $38,000 per weighted pupil. (A hypothetical example illustrating the calculation of state aid under the existing Bateman law is included as Appendix A at page 47).

This law provides inadequate equalization for three reasons. First, only 51% of total state aid was distributed under this law in 1972-73. Of this 51%, more than half was used for a Minimum Support Aid and was distributed regardless of local wealth. Rich districts gained as much as poor ones from this provision. Second, at the

present time only 30% of the districts in New Jersey -- those which have a valuation below the modest guarantee level of $38,000 per weighted pupil -- benefit from the equalization provision. Therefore only 30% of the districts in the state receive aid based upon local financial ability. Third, even when all state aid is totalled (Bateman Aid and roughly 21 other special categories such as aid for transportation and vocational education), state aid in New Jersey for 1972-73 constituted only 27% of all education spending in the state. Even with the 1973 amendment which will increase state aid, it will constitute only 35% of expenditures. Even with this increased share, New Jersey will still remain well below the national average of state support. The national average in 1972-73 was 41%, a percentage which will increase significantly as a result of recent reform legislation in many states.

While data is not available to us at this time to illustrate the amount of equalizing aid available for each district, the total amount of state aid illustrates the inability of state aid to reduce disparities among districts. Table VI shows that while in many cases the poorer districts receive more state aid and have higher local tax rates than the wealthier districts, they still lag behind in total spending.

TABLE VI

STATE AID PER PUPIL AND PER PUPIL EXPENDITURES
BY TYPE OF DISTRICT

District	Valuation Per Pupil 1972[a/]	School Tax Rate 72	State Aid Per Pupil 72-73[b/]	Expenditures Per Pupil 71-72[c/]
Central Cities				
Camden	$ 17,220	2.40	$ 496	$ 799
Elizabeth	48,515	2.09	191	1006
Jersey City	28,358	2.67	332	907
Newark	19,680	3.59	528	1060
Paterson	26,206	2.16	390	844
Trenton	23,328	2.62	486	1016
Other Cities				
Atlantic City	43,762	1.44	225	806
East Orange	34,054	2.83	252	1100
Hoboken	20,074	2.49	385	906
Perth Amboy	43,671	1.67	220	949
Plainfield	35,031	3.09	261	1050
Wealthy Suburbs				
Bedminster	142,602	1.01	243	1360
Englewood Cliffs	162,337	1.13	187	1647
Mahwah	87,313	1.79	217	1456
Millburn	105,659	1.45	170	1436
Princeton Reg.	93,522	1.64	215	1518
Secaucus	134,753	1.10[a/]	205	1312
Springfield	82,031	1.99	168	1497
Tenafly	81,948	2.13	129	1406
Union Twp	92,401	1.28	167	1079
Poor Suburbs				
Audubon Park	4,684	5.63	567	717
Haddon Heights	40,381	2.34	177	856
Hamilton	39,202	2.25	205	831
Willingboro	19,763	2.69	401	860

Continued.....

TABLE VI (Continued)

District	Valuation Per Pupil 1971-72[a/]	School Tax Rate 72	State Aid Per Pupil 72-73[b/]	Expenditures Pe Pupil 71-72[c/]
Rural				
Hampton	$ 18,271	3.60	$ 446	890
Sandyston-Walpack	87,717	1.49	256	1293
Stanhope	28,027	3.20	326	957
Tewksbury	75,933	2.07	224	1036

a/ Equalized valuation of property in 1972 divided by average daily enrollment for 1971-72. Equalized valuation is the sum of the following: (1) aggregate true value of Real Estate (exclusive of Class II Railroad Property), (2) assessed value of Class II Railroad Property and (3) assessed value of all personal property.

b/ 1972-73 current expense and building aid divided by resident enrollment on September 30, 1971. 1972-73 aid was used because the Bateman Act was funded at a higher level for the 1972-73 school year. This figure thus gives a better impression of the distribution of state aid.

c/ Total day school expenditures divided by average daily enrollment. Does not include expenditures for debt services, budgeted capital outlay or improvement authorizations.

1/ 1973

Source: NJEA, Basic Statistical Data of New Jersey School Districts, 1973 Edition (Trenton, New Jersey: 1973), pp 21-33.

Insufficient Funds for Pupil Weightings

The weightings included in the amended Bateman Act attempt to relate resources to the need for the resources. Thus high school students are counted more heavily than grade school pupils, students in vocational programs more than those in less costly curricula, and pupils from families on welfare more than their more affluent schoolmates. Again, while these provisions recognize the higher costs of certain types of educational programs, the appropriations level has been so low in proportion to true educational costs that the law has been unable to overcome the basic arbitrariness in the overall school finance system.

A Basic Flaw

What should be clear, then, is that a basic flaw in the New Jersey system is the low proportion of equalizing state funds relative to the high proportion of local revenues. Because many times more revenue comes from the arbitrarily distributed local tax base than comes from equalizing and weighted state aid, the state fails to overcome the disparities in local ability to support schools. What makes this most ironic is the fact that the state itself has created those disparities through its assignment to local districts of responsibility for educational support without providing an equitable and adequate revenue source for meeting that responsibility.

AN HISTORICAL OVERVIEW

In the long history of public education in New Jersey, many steps have been taken to bring greater fairness and rationality to the funding of public schools. A review of a few critical years may be useful.

In 1817, the legislature established the State School Fund to encourage local support of public schools, and in 1829, an Act to Establish Common Schools brought the first payment to localities from that fund.

In 1871, the Free School Law brought an unusual period of high state support to New Jersey, when the legislature replaced nearly all local funding of education with the revenues of a two mill statewide property tax levy. While the proportion of state funding declined over the years, in the decade of the 1870's it paid nearly 75% of all school costs, and even into the first decade of the twentieth century, state aid constituted about two-thirds of current operating expenses for the state as a whole. The 1870's also saw the New Jersey constitution amended with a bold promise: "The legislature shall provide for . . . a thorough and efficient system of free public schools for the instruction of all the children in this state."

For most of the twentieth century, however, that promise has not been kept. For financing of education has become an overwhelmingly local responsibility, with a vast range of disparity in the comparative wealth of different communities and a resulting range of variation in the quality of education provided by different school districts within the state.

In 1946 an initial attempt was made to offset differences in local ability to support education through the enactment of the Pascoe equalization law. In 1954 a minimum foundation program based on an equalized local levy was adopted, and state support of education reached the modest level of 20%. The mid-60's saw the adoption of the general sales tax, providing increased state aid. And in 1970 the Bateman Act would have constituted a significant step forward in the equalization of local capacity to support education and would have made a substantial attempt at matching levels of state support to the educational needs of pupils had it been adequately funded. While the 1973 amendments to Bateman have increased its funding somewhat, the basic patterns of unfairness and inefficiency described earlier in this report still persist.

THE COMMAND OF THE COURT

While each of these landmark years featured measures of considerable significance for New Jersey, 1974 promises to dwarf them all. For the Supreme Court of New Jersey in its unanimous Robinson v. Cahill decision has commanded that 1974 be the year in which the state honors its historic promise. The Court has ordered that the legislature must replace the existing law, which the Court characterized as a "patchy product reflecting provincial contests," (303 A.2d 297. 1973) with a school finance plan that will assure to every child in New Jersey an education that will equip him "for his role as a citizen and as a competitor in the labor market."

That mandate will not be satisfied by limited changes or fine-tuning of current law, but rather it will require a thorough revision of the way in which revenues are raised and distributed for education in New Jersey. For the Court has clearly said:

> . . . the existing statutory system is not visibly geared to the mandate that there be a thorough and efficient system of free public schools for the instruction of all the children in this State between the ages of 5 and 18 years. Indeed the State has never spelled out the content of the educational opportunity the Constitution requires. Without some such prescription, it is even more difficult to understand how the tax burden can be left to local initiative with any hope that statewide equality of educational opportunity will emerge. . . . The State has returned the tax burden to local school districts to the point where at the time of the trial the State was meeting but 28% of the current operating expenses. There is no more evidence today than there was a hundred years ago that this approach will succeed. (303 A.2d 295, 6. 1973)

That the Court has rejected the 1970 Bateman law was explicitly stated.

> We have outlined the formula of the 1970 Act to show that it is not demonstrably designed to guarantee that local effort plus the State aid will yield to all the pupils in the State that level of educational opportunity which the 1875 amendment mandates. We see no basis for a finding that the 1970 Act, even if fully funded, would satisfy the constitutional obligation of the State. (303 A. 2d 297. 1973)

The responsibility for correcting the situation was firmly fixed by the Court decision:

> . . . A system of instruction in any district of the State which is not thorough and efficient falls short of the constitutional command. Whatever the reason for the violation, the obligation is the State's to rectify it. If local government fails, the State government must compel it to act, and if the local government cannot carry the burden, the State must itself meet its continuing obligation. (303 A 2d 294. 1973)

And the legislature was given only until December 31, 1974 to develop and enact a system of school finance that remedied the Court's criticism of existing laws.

ALTERNATIVE ROADS TO REFORM

This report has identified many of the basic problems inherent in the current approach to the raising and distributing of revenues for the public schools of New Jersey. While we believe that our study provides an accurate and representative overview of the central issues, it contains neither the precision, the breadth, nor the currency of data necessary to serve as the basis for designing specific reform legislation. For that reason, this report will present no reform proposal of its own.

However, as a byproduct of the interviews we have held, the analyses we have performed, and our own preliminary thoughts about improving the sorry situation we have surveyed, two alternative directions for reform seem to emerge. We refer to them as Plan A and Plan B. Each of them is based on a different interpretation of what the New Jersey Supreme Court decision requires. One, the other, or a combination of the two directions will probably be recognizable in most of the proposals that will be considered by the policymakers and interested citizens of New Jersey later this year. While these general plans clearly do not exhaust the variety of remedies that are potentially available, they offer, we believe, two promising roads to effective reform.

Plan A: Meeting Educational Needs with Full State Financing

The first plan assumes that the opinion in Robinson v Cahill was essentially directed at requiring the state to meet the educational needs of its pupils. Under this interpretation the court

did not concern itself with the fairness of the tax system, but commanded instead that the state define the appropriate standard of education, determine what it would cost, and provide the necessary revenues to pay the bill. According to this view, the case differs fundamentally from the other decisions handed down in the last three years by state and federal courts declaring educational finance systems unconstitutional. Those decisions, like the famous California Serrano case, struck down inequitable state systems of educational finance because they discriminated against poor districts by letting spending on education vary with the size of the local tax base. It was the unfairness of the way that revenues were raised and distributed that was at the heart of those decisions. Robinson v. Cahill, on the other hand, focuses primarily on equality of educational opportunity (the provision of a thorough and efficient system of free public schools...for all children...) and deals with finance only as incidental to the state's raising funds to support the school system.

With its emphasis on meeting educational needs, this view of the Court mandate implies that policymakers should concentrate their efforts on establishing the costs of a "thorough and efficient" education that will, in the words of the court, provide "that educational opportunity which is needed in the contemporary setting to equip a child for his role as a citizen and as a

competitor in the labor market." Such efforts involve the collaboration of teachers, educational researchers, and parents to spell out a range of suitable curricula for different types of pupils and then to determine a range of costs needed to fund each type of educational program. The final objective is not to specify a single thorough and efficient educational program or to identify a "magic number" of needed dollars per pupil. Rather, proponents of this approach seek to establish cost floors below which the state cannot go without falling afoul of the constitutional mandate to provide a thorough and efficient education.

Plan A, the proposal that comes from this view of reform, might include:

a. State funding of pupil costs, with amounts per pupil dependent upon the type of pupil (for example, exceptionally fast learner, physically handicapped, educationally disadvantaged) or the type of curriculum (vocational education, compensatory education, enrichment, etc.). Each type of pupil or curriculum might be expressed as a proportion of the cost of educating a "typical" pupil (educationally disadvantaged 2.0, exceptional learners 1.8, vocational pupil 2.2, etc.).

While it is impossible for us to estimate what the average costs of thorough and efficient curricula will be, it is not unlikely that they will fall in a range that approaches the spending levels of the top twenty or twenty-five percent of New Jersey district expenditure levels. Data are not available at

the present time to demonstrate the effects of the possible pupil weightings of plan A. However, unweighted data give an approximate illustration of the direction of the plan. Table VII uses the unweighted expenditure level of the 80th percentile district in 1971-72 ($1198 per pupil) to give an indication of the potential gains for low-spending districts. Twenty percent of New Jersey districts spent at this level or higher in 1971-72. The table shows that all of the eleven cities in our sample would have gained, and some, like Camden, Paterson, and Atlantic City would have gained significantly. Similar increases would be registered by poor suburbs and poor rural areas, although their lower pupil weightings (less educationally disadvantaged pupils) would lessen their gains somewhat over what the unadjusted per pupil figures in our table would suggest.

TABLE VII

DISTRICTS BELOW 80TH PERCENTILE DISTRICT
EXPENDITURES FOR 1971-72

District	Expenditures Per Pupil 71-72[a]	Amount Below 80th Percentile
80th Percentile District	1198	-0-
Central Cities		
Camden	$ 799	$ 399
Elizabeth	1006	192
Jersey City	907	291
Newark	1060	138
Paterson	844	354
Trenton	1016	182
Other Cities		
Atlantic City	806	392
East Orange	1100	98
Hoboken	906	292
Perth Amboy	949	249
Plainfield	1050	148
Wealthy Suburbs		
Union Twp	1079	119
Poor Suburbs		
Audubon Park	717	481
Haddon Heights	856	342
Hamilton	831	367
Willingboro	860	338

Continued.....

TABLE VII (Continued)

District	Expenditures Per Pupil 71-72[a/]	Amount Below 80th Percentile
Rural		
Hampton	$ 890	$ 308
Stanhope	957	241
Tewksbury	1036	162

a/ Total day school expenditures divided by total average daily enrollment. Does not include expenditures for debt services, budgeted capital outlay, or improvement authorizations.

Source: NJEA, Basic Statistical Data of New Jersey School District, 1973 Edition (Trenton, New Jersey: 1973), pp 21-33.

b. Revenues for this program would probably be supplied entirely from state taxation, probably based upon a graduated income tax, although other broad-based tax sources could be tapped. Here the benefits for districts with currently high educational tax rates would be substantial, and the benefits for areas that are low in both property valuation and in income levels would be significant indeed. Studies conducted by the New Jersey Tax Policy Committee found that property taxes were steeply regressive in New Jersey, that is they took nearly 14.6 percent of the income of those earning below $3,000 in 1970 but only 3.3 percent of the income of people earning over $25,000. Any shift from raising educational revenues through a tax of that sort to a progressive income tax or even a relatively neutral income, statewide property or sales tax would benefit low income taxpayers and districts with relatively low average income.

c. Some local supplementation would not be inconsistent with this approach, although proponents of the plan would probably insist that the proportion of local funding in the system must be kept small, perhaps 10% of other expenditures, so as not to create significant disparities that are unrelated to educational needs.

The provisions of Robinson v. Cahill that are relied upon to support this general approach to reform are:

> ...A system of instruction in any district of the state which is not thorough and efficient falls short of the constitutional command. Whatever the reason for the violation, the obligation is the State's to rectify it. If local government fails, the State government must compel it to act, and if the local government cannot carry the burden, the State must itself meet its continuing obligation... (303 A. 2d 294, 1973)

* * * * * * * *

Upon the record before us, it may be doubted that the thorough and efficient system of schools required by the 1875 amendment can realistically be met by reliance upon local taxation. The discordant correlations between the educational needs of the school districts and their respective tax bases suggest any such effort would likely fail... (303 A. 2d 297. 1973)

Although we have dealt with the constitutional problem in terms of dollar input per pupil, we should not be understood to mean that the State may not recognize differences in area costs, or a need for additional dollar input to equip classes of disadvantaged children for the educational opportunity. (303 A. 2d 297,8. 1973)

Plan B: Improving the Fairness and Adequacy of State/Local Educational Funding and Enhancing the Leadership Role of the Department of Education

The second direction of potential change is grounded in an attempt to reform the existing state aid structure to meet the Court's objections, rather than to adopt an entirely novel finance system as in Plan A. Plan B would bring about a thorough and efficient educational system by (1) providing a more equitable and adequate state/local system of raising revenue featuring markedly increased state aid, and (2) increasing the effectiveness of the State Education Department's authority to insure that local districts provide the constitutionally required educational opportunity. By markedly increasing the proportion of state equalizing aid, the plan is intended to eliminate discrimination against low wealth school districts and thus guarantee the ability of all districts in the state to provide an adequate educational program. Assurance that the resulting education will be thorough and efficient in every school district will be accomplished not through the state provision of weighted per pupil revenues as in Plan A, but by the State Education Department's judging and improving the adequacy of local educational programs through increased state leadership backed by adequate authority to encourage local cooperation.

Plan B builds its revenue structure on major provisions of the Bateman law, strengthening its equalizing impact and eliminating its other provisions. This plan would probably delete the

weightings and Minimum Support provisions of the Bateman Law. Presently, all districts receive minimum support aid of $132 per weighted pupil. Instead, the Incentive Equalization portion of the present plan would be emphasized and increased. The basic purpose of Incentive Equalization Aid is to permit property poor districts to raise educational revenues as if they had far greater property valuation than in fact they do. The guarantee under existing law is $38,000 per weighted pupil.

a. This valuation guarantee provision would be retained and strengthened by Plan B. Instead of guaranteeing an equalized property value per pupil considerably below the state median as at present, proponents of Plan B would guarantee a very high level of fiscal capacity, probably over $100,000 per pupil. The effect of this plan would be to permit districts like Camden ($17,220 per pupil), Hampton ($18,271 per pupil), Willingboro ($19,763 per pupil) and Newark ($19,680 per pupil) to draw upon a tax base roughly equal to that currently enjoyed by Princeton ($93,522 per pupil) or Millburn ($105,969 per pupil). Such powerful equalization would permit the former districts to achieve higher expenditures with lower tax rates. We do not have adequate data available to us at the present time to demonstrate the effects of increasing the guaranteed valuation for particular districts in the state. However, a hypothetical

example will aid in demonstrating the operation of Plan B.

Assume that a district has an equalized valuation of $20,000 per pupil, and that the current budget for this district is $900 per pupil. Currently at a guaranteed valuation of $45,000 per unweighted pupil (the approximate guarantee per non-weighted pupil under the present law), a tax rate of 2 percent would be necessary to raise the desired budget (900/45,000 = .02). At this tax rate, $400 would be raised locally (20,000 x .02) and the remaining $500 would be provided by the state (900 - 400 = 500). Example I demonstrates a $45,000 guaranteed valuation for three other districts as well.

EXAMPLE I *

$45,000 Guaranteed Valuation

District	Valuation Per Pupil	Budget Per Pupil	Tax Rate	Local Revenue Per Pupil	State Aid Per Pupil
A	$20,000	$900	2.00	$400	$500
B	45,000	900	2.00	900	0
C	80,000	1200	1.50	1200	0
D	100,000	1500	1.50	1500	0

* The tax rate is the same in Districts A and B because each district which has a valuation below $45,000 is allowed to raise its budget at a tax rate which, if applied to a valuation of $45,000, would raise the desired amount. Thus, each district which has a valuation of $45,000 or lower must levy a 2 percent tax to achieve a budget of $900 per pupil. However, note that the local contribution is different for districts A and B.

With the state guarantee raised to $100,000 per pupil, the district can provide property tax relief as well as increase its expenditures. For simplicity, assume that our $20,000 district chooses only to provide tax relief to its residents. The budget per pupil of $900 would therefore remain the same. However, the tax rate is now determined on a valuation of $100,000 rather than on a $45,000 valuation. The new tax rate would be .90 percent (900/100,000) and the district would be required to raise only $180 in local revenues (20,000 X .0090). The remaining $720 would be provided by the state. Example II demonstrates this case for our four hypothetical districts.

EXAMPLE II*

$100,000 Guaranteed Valuation
(Tax Relief)

(Holding expenditures constant while varing the tax rate)

District	Valuation Per Pupil	Budget Per Pupil	Tax Rate	Local Revenue Per Pupil	State Aid Per Pupil
A	$20,000	$900	0.90	$180	$720
B	45,000	900	0.90	405	495
C	80,000	1200	1.20	960	240
D	100,000	1500	1.50	1500	0

* Note that District D which has a valuation of 100,000 receives no tax relief. This is because District already had a valuation of $100,000.

Now, let's assume that our district with a $20,000 valuation chooses to use the increased guarantee to increase expenditures rather than to provide tax relief. It would therefore tax itself

at the same rate as in Example I, 2 percent. However this tax rate would now be applied to the higher $100,000 valuation, and the expenditures of the district would increase from $900 per pupil to $2,000 per pupil (100,000 X .02). The required local revenue for the district would be $400 (20,000 X .02) and the state would provide the remaining $1600 per pupil. Example III demonstrates the effect of increasing expenditures for all four hypothetical districts.

EXAMPLE III

$100,000 Guaranteed Valuation
(Increased Expenditures)

(Holding tax rate constant while showing different expenditures)

District	Valuation Per Pupil	Budget Per Pupil	Tax Rate	Local Revenue Per Pupil	State Aid Per Pupil
A	$20,000	$2000	2.00	$400	$1600
B	45,000	2000	2.00	900	1100
C	80,000	1500	1.50	1200	300
D	100,000	1500	1.50	1500	0

Reality is probably somewhere between the extremes shown in Examples II and III. Many districts may choose both a moderate increase in expenditures per pupil along with some tax relief.

b. Proponents of increased equalization propose the elimination of the weighting provision of the Bateman law. Their argument is that the weightings for grade levels in particular do not serve to offset fiscal disparities, and that such funds would better be used by including them in the guaranteed valuation provisions to increase the ability of poorer districts to provide better education. In the case of the .75 additional weighting for each pupil whose parents receive AFDC, a provision which now increases aid to central cities, Plan B proponents argue that the wider acceptability of equalization and the benefits that will accrue to urban areas because of their low valuations will offset any losses from surrendering AFDC weightings. Until comparisons of the effects of different guarantee levels are made by computer simulation techniques, this controversy will not be resolved.

c. Revision of the Administrative Code that governs New Jersey education would be an important, although not directly financial, part of Plan B. Emphasis would be upon making local decision-making processes more open to parent and student influence; upon better public information about the performance of the schools; and upon improved planning, teaching, and curricular practices. Whatever the form the administrative reforms take, they will have to provide an effective and convincing guarantee that the state has spelled out the content of the constitutionally mandated educational opportunity and has provided effective sanctions to insure that the local districts meet the state's

responsibilities. Fulfillment of Robinson v. Cahill necessitates such action.

Plan B derives its constitutional validity from a different interpretation, or at least a different emphasis of interpretation, from Plan A. It is designed to meet the stringent requirements placed upon state/local educational financing by the Court:

> We repeat that if the State chooses to assign its obligation under the 1875 amendment to local government, the State must do so by a plan which will fulfill the State's continuing obligation. To that end the State must define in some discernible way the educational obligation and must compel the local school districts to raise the money necessary to provide that opportunity. [Emphasis in text] (303 A 2d 297. 1973)

Plan B proponents assume that with high enough guarantees and enhanced state leadership, compulsion will seldom be necessary to provide a thorough and efficient education in New Jersey school districts.

QUESTIONS FOR REFORMERS

Plan A and Plan B do not exhaust the remedies available for New Jersey. Different approaches to distributing funds under state assumption are potential alternatives to Plan A. Techniques other than the Bateman guaranteed valuation approach for equalizing local capacity achieve the same purposes as plan B. Power equalization, for example, is a widely discussed plan which is another way of expressing the equalization of local wealth. Furthermore, we have not touched upon another area of reform commanded by the Robinson decision, applying the constitutional test of a thorough and efficient education to construction costs. In short, our report has identified two major directions of reform effort, not specific legislative alternatives. In the months ahead, detailed proposals will have to be developed and evaluated based upon the general principles we have discussed and their many variations and combinations.

What approach will be best for New Jersey? The answer depends upon a series of preliminary inquiries, inquiries that are beyond the scope and the resources of this brief study. However, as a final contribution of this report, we feel it is important to list some of the questions that must be asked by anyone who seeks to evaluate the advantages and disadvantages of Plans A, B, (or other alternatives) intended to reform the unfairness, the inefficiency, and the arbitrariness of current school finance in New Jersey.

1. Which approach is most consistent with the Supreme Court opinion?
2. Which has greater political acceptability?
3. How significant, realistic, and desirable are the changes from the current system made by each new plan?
4. What impact do they have on different types of districts -- urban, suburban, rural, rich, poor, industralized, residential?
5. How important are weightings which allocate differential resources to different types of pupils and programs?
6. Are there other ways, such as categorical programs aimed at particular educational problems, for meeting those needs, and can they be made fiscally equitable?
7. Which plan, if either, matches needs and resources more effectively? Do they take into account cost level differentials between urban, suburban, and rural areas?
8. What about taxes? Do the proposals provide for fair and adequate revenue sources? Who will pay the bill? Where there is local taxation, is there compensation for higher urban total tax rates?
9. What are the costs? How predictable are they? Can they be controlled?

10. Are there features in Plans A and B that can be combined?

11. Which provisions are most in keeping with the goals of improving both equality of opportunity and the quality of New Jersey education?

These are difficult questions which require study and thought. But they are answerable, for questions just like them have been resolved in a number of states which have made significant strides in the last year toward the kinds of goals that are both implicit and explicit in the New Jersey Court decision. States are increasing the state share of financing, reducing tax base and expenditure disparities, matching resources to educational needs better than ever before, and recognizing the differences in costs among various sections of the state.

It is our hope that this report will be of some value to the citizens of New Jersey as they, too, set about the task of reform. For a fair and adequate funding system is basic if the state is to meet the ambitious goal set for it by the constitution and the Supreme Court of New Jersey: to provide "that educational opportunity which is needed in the contemporary setting to equip a child for his role as a citizen and as a competitor in the labor market."

APPENDIX A

THE BATEMAN ACT

The Bateman formula in the 1970 Law has two components: Minimum Support Aid of $110 per weighted pupil and Incentive Equalization Aid, a valuation guarantee of $30,000 per weighted pupil. Entitlements are calculated on the basis of weighted resident pupils and vary according to the classification of a district in one of five categories (Basic, Limited, Intermediate, Pre-Comprehensive and Comprehensive). The weightings are also applied to the categorical Building Aid program. Since the Act has not been fully funded all districts have been treated as Basic Districts. No specific tax rate is required for a district to participate in the Bateman Aid plan. Each district chooses a desired budget and the necessary tax rate is computed.

The Act contains an escalator provision. The escalator provides for a percentage increase or decrease in the guaranteed valuation equal to the percentage change in the state average valuation in the year under consideration as compared to the base year. Minimum Support Aid is to be increased according to the increases in the day school cost of education.

As a result of inadequate funding, the escalator provision was never put into operation. In 1971-72 entitlements under Batemen were calculated on the basis of the amount of aid which would have been received based on the formula in effect on

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January 1, 1970 plus 20% of the difference between that aid and aid calculated on the basis of the new formula. In 1972-73 40% of the difference was received and in 1973-74 the amount was increased to 66 2/3% of the difference.

The Act was further amended in 1973. The new amendment is an interim measure for one year and was basically written to clarify Bateman. The guaranteed valuation was increased to $38,000 per weighted pupil and Minimum Support Aid was increased to $132 per weighted pupil. This is approximately the increase provided for by the escalator provision. The 1973 amendment also provides full funding. A hold harmless provision for current operating expenditures and building aid is also included.

Weightings

The weightings used to calculate weighted resident pupils are as follows:

Kindergarten pupils	.75	units
Elementary pupils (grade 1 through grade 6)	1.0	units
Seventh and eighth grade pupils not in approved middle schools or junior high schools approved by the Commissioner of Education	1.15	units
Pupils in approved middle schools and in approved junior high schools	1.25	units
Five and 6-year high school pupils	1.275	units
Senior and 4-year high school pupils	1.3	units
Vocational school pupils in vocational schools or classes (equated to full-time)	2.0	units

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Evening school pupils (equated to full-time)	1.0	units
Accredited evening high school pupils and pupils in post graduate high school classes (equated to full-time)	1.3	units
AFDC children (children ages 5-17 receiving aid through payments under a program of aid to families with dependent children)	.75	additional units

Calculation of Bateman Aid

Let's take a hypothetical example. Suppose a district has a valuation of $17,500 per weighted pupil and 1000 weighted pupils. Also suppose that this district has a budget of $800 per weighted pupil (after other categorical aid programs have been subtracted). Minimum Support Aid is $132 per weighted pupil or $132,000 (132 x 1000).

To calculate the amount of Incentive Equalization Aid, the tax rate requirement must be determined. To determine the tax rate, all other revenues including state Minimum Support Aid must be subtracted from the district budget. Other categorical programs have already been subtracted from our hypothetical budget. Now Minimum Support Aid of $132 per weighted pupil must also be subtracted and the budget used to calculate the tax rate requirement becomes $800 - $132 or $668 per weighted pupil. The required tax rate is $668 divided by $38,000 or 1.75%. The next step in the calculation of Equalization Aid is the determination of the district

contribution. To make this determination, the required tax rate of 1.75% is multiplied by the district per pupil valuation of $17,500 and the district contribution is $306.25 per weighted pupil or $306,250.00 ($306.25 x 1000). State Equalization aid is the difference between the district contribution and the budget used in the calculation of the required tax rate ($668 per weighted pupil), thus state equalization aid is $361.75 per weighted pupil or $361,750.00. Total Bateman aid is Incentive Equalization Aid plus Minimum Support Aid which amounts to $493.75 per weighted pupil($132.00 + $361.75).

Calculation of Incentive Equalization Aid

Step 1: Minimum Support Aid must be subtracted from the District Budget. 800 - 132 = $668.

Step 2: Tax rate requirement is determined. This is the budget determined in Step 1 divided by the guaranteed valuation. $\frac{668}{38,000} = .0175$ or 1.75%.

Step 3: The district contribution is determined. This is the tax rate multiplied by the district valuation per pupil. 17,500 x .0175 = 306.25.

Step 4: State Equalization Aid is determined. This is the District Budget determined in Step 1 minus the district contribution: 668 - 306.25 = $361.75.

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APPENDIX C

MEETINGS OR DISCUSSIONS WERE HELD WITH THE FOLLOWING PEOPLE IN THE PREPARATION OF THIS REPORT

(Listing does not imply approval of any statement or part of this report)

Marvin Bressler
Professor of Sociology
Princeton University

R. Stephen Browning
Staff Attorney
Lawyers' Committee for Civil Rights Under Law

Frederick H. Harbison
Professor of Economics and International Affairs
Woodrow Wilson School
Princeton University

Donald Harris
Executive Director
Mayor's Education Task Force, Newark

Mark Hurwitz
Executive Director
New Jersey School Boards Association

Richard Lehne
Assistant Professor of Political Science
Rutgers University

Robert Lyke
Assistant Professor of Public and International Affairs
Woodrow Wilson School
Princeton University

Carl Marburger
Senior Associate
National Committee for Citizens in Education

Edward J. Meade, Jr.
Program Officer in Charge
Division of Education and Research, Public Education
The Ford Foundation

Richard Moore
Associate Director of Research
New Jersey Education Association

Continued.....

APPENDIX C

Paul Muller
Research Associate
Law Revision and Legislative Services
New Jersey State Legislature

James Reilly
Director of Research
New Jersey Education Association

Harold Ruvoldt, Jr.
Attorney for Plaintiffs
Robinson v. Cahill

Stan Salett, Associate
National Committee for Citizens in Education

Reed Saunders, Chairman
School Finance Task Force
United States Office of Education

William Shine
Assistant Commissioner of Education, Division of Curriculum and Instruction
State Department of Education

Herbert Starkey
State Aid Consultant
Education Administration and Finance
State Department of Education

Paul Trachtenberg
Professor of Law
Rutgers University

APPENDIX D

THE AUTHORS

Joel S. Berke has written Answers to Inequity: An Analysis of the New School Finance to be published by the McCutchan Publishing Corporation in April of 1974, and is co-author of Federal Aid to Education Who Benefits? Who Governs? (D. C. Heath, 1972) and Financing Equal Educational Opportunity: Alternatives for State Finance (McCutchan, 1972), and has contributed numerous articles to scholarly journals and public affairs periodicals. Dr. Berke has directed research projects for the Ford Foundation, The Southern Education Foundation, The New York State Fleischmann Commission on Education, The President's Commission on School Finance, and the U. S. Department of Health, Education and Welfare. He is director of the Educational Finance and Governance Program of the Syracuse University Research Corporation.

Judy G. Sinkin has participated in the preparation of the Texas School Finance Case, the Implementation of the Washington, D.C. expenditure equalization court order, in two major studies of Title I of the Elementary and Secondary Act of 1965, and is currently evaluating recent state school finance reform legislation in seven states. She has served with the U. S. Bureau of Labor Statistics, The Lawyers' Committee for Civil Rights Under Law, and the Planar Research Corporation. Ms. Sinkin is now a Research Associate in the Washington office of the Educational Finance and Governance Program of the Syracuse University Research Corporation.

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The New Jersey Education Reform Project
Greater Newark Urban Coalition
24 Commerce Street
Newark, N. J. 07102 (201) 624-7475

Richard W. Roper - *Director*
Larry Rubin - *Research Director*